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AS AT JULY 31, 2006

July 2006 highlights

- In July 2006, the Québec government's revenue exceeded its spending by $698 million. The excess for the same period last year was $832 million.
- This difference is attributable essentially to an exceptional gain of $133 million recorded last year by Investissement Québec on the sale of shares in the Québec Cartier Mining Company.
- Budgetary revenue for the month is very close to $5.0 billion, up $226 million (4.8%) over July 2005.
- Program spending is up $241 million (6.9%) compared to last year, at $3.7 billion.
- Debt service is comparable to last year's figure, with a rise of $6 million.

SUMMARY OF CONSOLIDATED BUDGETARY TRANSACTIONS
(millions of dollars) (Unaudited data)

	July		April to July		March 23, 2006 Budget	
	2005 [1]	2006	2005-2006 [1]	2006-2007	2006-2007	Growth [2] %
Budgetary transactions of the Consolidated Revenue Fund						
Own-source revenue	3 929	4 048	14 175	15 801	47 105	3.6
Federal transfers	823	930	3 226	3 620	10 796	8.3
Budgetary revenue	**4 752**	**4 978**	**17 401**	**19 421**	**57 901**	**4.4**
Program spending	- 3 489	- 3 730	- 17 727	- 18 622	- 50 873	3.9
Debt service	- 586	- 592	- 2 242	- 2 307	- 7 205	5.2
Budgetary expendidure	**- 4 075**	**- 4 322**	**- 19 969**	**- 20 929**	**- 58 078**	**4.1**
Net results of consolidated organizations	**155**	**42**	**237**	**144**	**177**	**- 48.1**
Consolidated budgetary balance for the purposes of the *Balanced Budget Act*	**832**	**698**	**- 2 331**	**- 1 364**	**0**	—
Net results of the Generations Fund [3]	—	—	—	—	**74**	—
Consolidated budgetary balance	**832**	**698**	**- 2 331**	**- 1 364**	**74**	—

1 Monthly allocation of financial transactions based on best available data and estimates.
2 According to the 2006-2007 Budget.
3 The Generations Fund will go into operation on January 1, 2007.

Cumulative results to July 31, 2006

Budgetary balance

- For the period from April to July 2006, in accordance with the historical trend, revenue is running $1.4 billion behind expenditure.
  - — This difference will be eliminated over the course of fiscal 2006-2007.
- However, this is an improvement of $967 million compared to the budgetary balance at the same time last year. This improvement essentially reflects the exceptional gain from the sale of Hydro-Québec's participation in Transelec Chile.

Budgetary revenue

- Total budgetary revenue amounts to $19.4 billion, up $2.0 billion compared to last year.
- Own-source revenue amounts to $15.8 billion, up $1.6 billion (11.5%). This increase essentially reflects an exceptional gain from the sale of Hydro-Québec's participation in Transelec Chile and the introduction of Child Assistance measure, as explained in previous monthly reports.
- As at July 31, 2006, federal transfers amount to $3.6 billion, up 12.2% compared to the same period in 2005.

Budgetary expenditure

- Budgetary expenditure for the first four months of the current fiscal year stands at $20.9 billion.
- Program spending is up $895 million compared to the same period last year. The largest changes are in the health ($403 million) and education ($215 million) sectors.
- The increase in debt service since the beginning of the fiscal year is 2.9%.

Net financial requirements

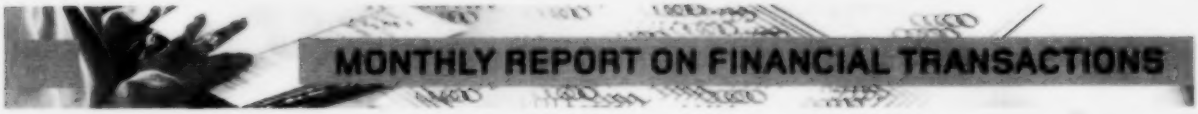
- Net financial requirements are down $571 million. However, this improvement is less than that of the budgetary balance ($967 million) since, in particular, the profits earned by Hydro-Québec are not paid to the government as dividends until the end of the fiscal year.

CONSOLIDATED BUDGETARY AND FINANCIAL TRANSACTIONS

(millions of dollars) (Unaudited data)

	July			April to July		
	2005 [1]	2006	Changes	2005-2006 [1]	2006-2007	Changes
Budgetary transactions of the Consolidated Revenue Fund						
Own-source revenue	3 929	4 048	119	14 175	15 801	1 626
Federal transfers	823	930	107	3 226	3 620	394
Budgetary revenue	**4 752**	**4 978**	**226**	**17 401**	**19 421**	**2 020**
Program spending	- 3 489	- 3 730	- 241	- 17 727	- 18 622	- 895
Debt service	- 586	- 592	- 6	- 2 242	- 2 307	- 65
Budgetary expendidure	**- 4 075**	**- 4 322**	**- 247**	**- 19 969**	**- 20 929**	**- 960**
Net results of consolidated organizations	**155**	**42**	**- 113**	**237**	**144**	**- 93**
Consolidated budgetary balance	**832**	**698**	**- 134**	**- 2 331**	**- 1 364**	**967**
Consolidated non-budgetary requirements	- 36	1 139	1 175	- 1 352	- 1 748	- 396
Consolidated net financial requirements	**796**	**1 837**	**1 041**	**- 3 683**	**- 3 112**	**571**

1 Monthly allocation of financial transactions based on best available data and estimates.



CONSOLIDATED REVENUE FUND REVENUE

(millions of dollars) (Unaudited data)

	July			April to July		
Revenue by source	2005	2006	Changes %	2005-2006	2006-2007	Changes %
Own-source revenue excluding government enterprises						
Income and property taxes						
Personal income tax	1 453	1 518	4.5	4 777	5 231	9.5
Contributions to Health Services Fund	492	492	—	1 755	1 799	2.5
Corporate taxes	257	418	62.6	1 267	1 419	12.0
Consumption taxes	1 087	1 091	0.4	4 171	4 204	0.8
Other sources	239	179	- 25.1	864	847	- 2.0
Total own-source revenue excluding government enterprises	**3 528**	**3 698**	**4.8**	**12 834**	**13 500**	**5.2**
Revenue from government enterprises	**401**	**350**	**- 12.7**	**1 341**	**2 301**	**71.6**
Total own-source revenue	**3 929**	**4 048**	**3.0**	**14 175**	**15 801**	**11.5**
Federal transfers						
Equalization	399	466	16.8	1 599	1 805	12.9
Health transfers	258	300	16.3	1 032	1 201	16.4
Transfers for post-secondary education and other social programs	82	87	6.1	327	347	6.1
Other programs	84	77	- 8.3	268	267	- 0.4
Total federal transfers	**823**	**930**	**13.0**	**3 226**	**3 620**	**12.2**
Budgetary revenue	**4 752**	**4 978**	**4.8**	**17 401**	**19 421**	**11.6**

CONSOLIDATED REVENUE FUND EXPENDITURE

(millions of dollars) (Unaudited data)

	July			April to July		
Expenditures by mission	2005	2006	Changes %	2005-2006	2006-2007	Changes %
Health and Social Services	1 608	1 657	3.0	7 137	7 540	5.6
Education and Culture	613	651	6.2	5 183	5 398	4.1
Economy and Environment	521	569	9.2	2 046	2 222	8.6
Support for Individuals and Families	399	451	13.0	1 736	1 751	0.9
Administration and Justice	348	402	15.5	1 625	1 711	5.3
Total program spending	**3 489**	**3 730**	**6.9**	**17 727**	**18 622**	**5.0**
Debt service	**586**	**592**	**1.0**	**2 242**	**2 307**	**2.9**
Budgetary expenditure	**4 075**	**4 322**	**6.1**	**19 969**	**20 929**	**4.8**

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This publication is also available on the web at: www.finances.gouv.qc.ca.